



GMAP – Risk Management

Office of Financial Management
September 20, 2006

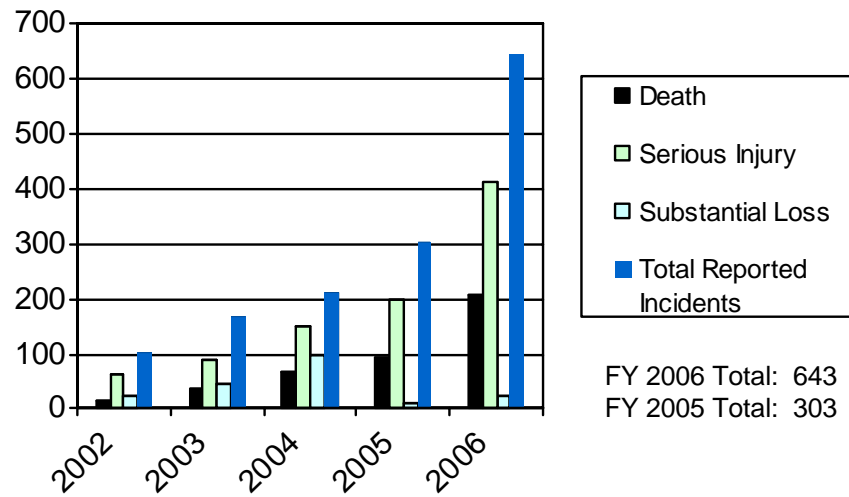


Enterprise Risk Management Maturity Model Program

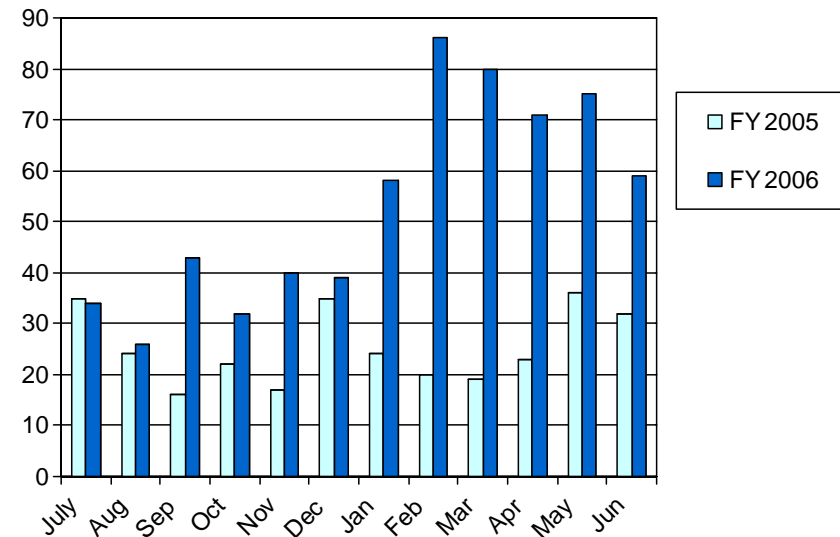
- 95 agencies contacted
- Agency's risk management practices:
 - Ecology – 344 employees took defensive driver training
 - Parks - New centralized risk management function
 - DOL – Implementing the ERM program into their agency and programs
 - WSIB – Expanding ERM program by adopting applicable COSO control framework sections
- Next Steps:
 - Continue working to educate agencies on ERM concept
 - Establish plan to document 20% increase in ERM implementation by March 2007
 - Refine and implement employment practice liability prevention focus
 - Track progress with incident/claim early resolution initiative
 - Hold the October 2006 Risk Management Leadership conference
 - Hold November 2006 Electronic Discovery workshop
 - Set quarterly agency Risk Management Forums starting January 2007

Loss Prevention Review Team Program Highlights the Difficulty Developing an Incident Program

Incidents Reported to OFM by Fiscal Year



Current Reporting Trend



Analysis:

- Underreporting due to no program or fear of reporting.
- Reports increasing as GMAP highlights need to report.

Action Plan Update:

- Develop executive level direction to agencies regarding reporting and review responsibility by December 2005: Governor's December address at Risk Management Conference an excellent start.
- Include a centralized incident reporting and loss history functionality in the new RMIS (by June 2006): Done.
- Conduct three agency risk forums each year, starting in FY 2006 with WSP, DOC, and DSHS-ESA. Completed.
- Develop risk management action plans with agencies and assist in implementation; conduct quarterly incident reviews with agencies and AGO.
- Adapt DSHS-ESA incident pilot for other program use: Done. Available through OFM Risk Management.



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Back-up Slides

Performance Report – Torts Cases Resolved Through Early Resolution

Time Period: Fiscal Year

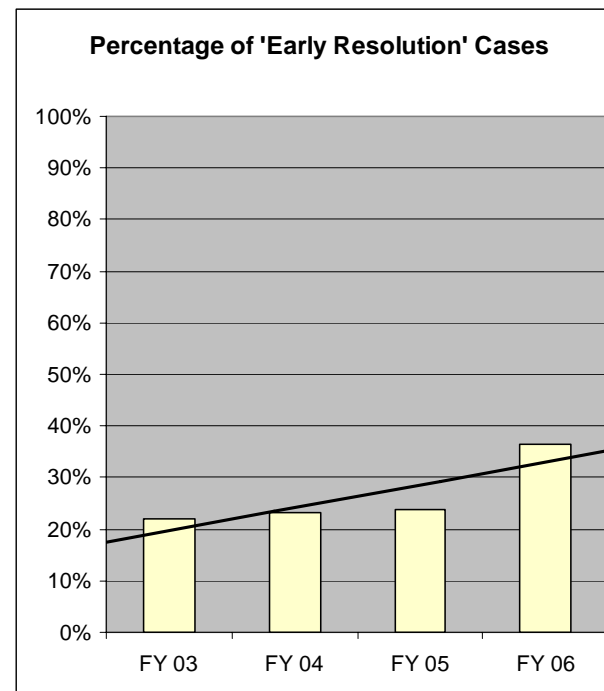
Division Name: Torts

The percentage of cases which when closed in a fiscal year with a payout were resolved using early or informal resolution processes. (excludes early resolution of claims)

Fiscal Year	FY 03	FY 04	FY 05	FY 06
Number of early resolution cases with a payout	31	27	28	38
Number of cases settled with any payout	141	117	118	104
Percentage of cases resolved early/informally	22%	23%	24%	37%

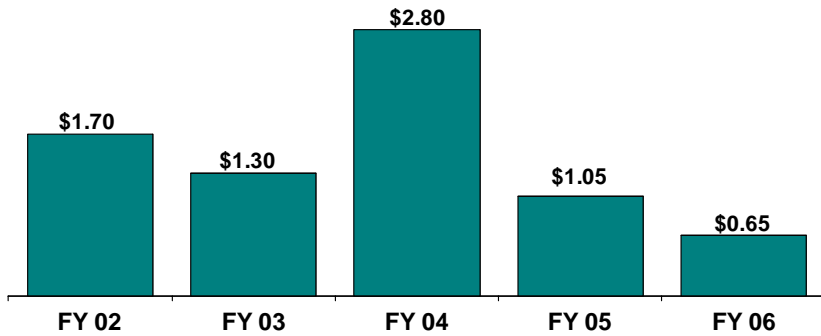
Key Performance Measure Analysis

- **Target versus the actual performance measure.**
“Early Resolutions” are those cases resolving, with or without mediation, by evaluation for settlement early with either minimal or no formal discovery, informal cooperative exchanges of evidence or legal analysis, working cooperatively to expedite an early ruling on potentially dispositive issues. Not all cases are appropriate for early or informal resolution because of its voluntary nature or because important legal principals must be clarified or state interests vindicated. Due to these limitations and constraints, a reasonable target for early resolution participation would be 25%-33% of all cases involving a payout.

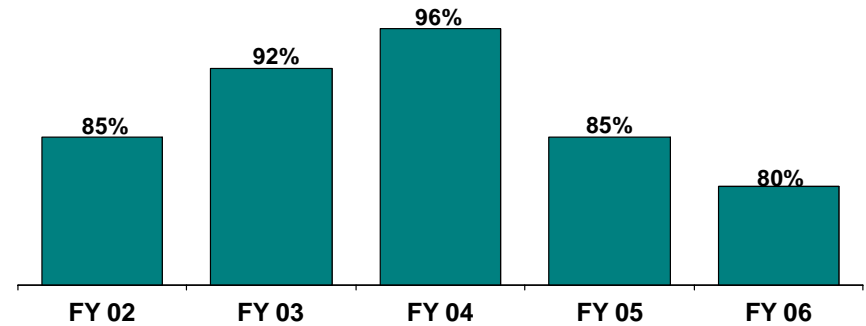


AGO Tort Division Statistics

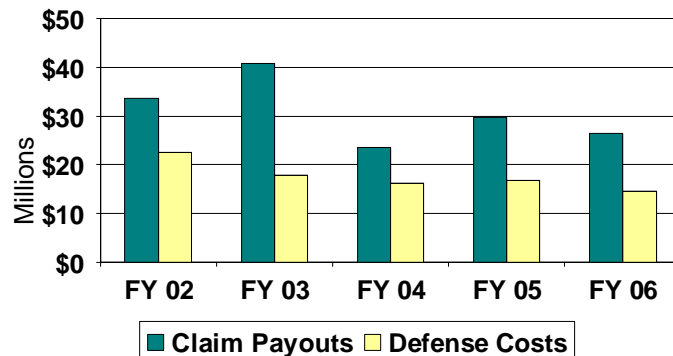
**Trial Verdict Totals for FY 2002-2006
(In Millions)**



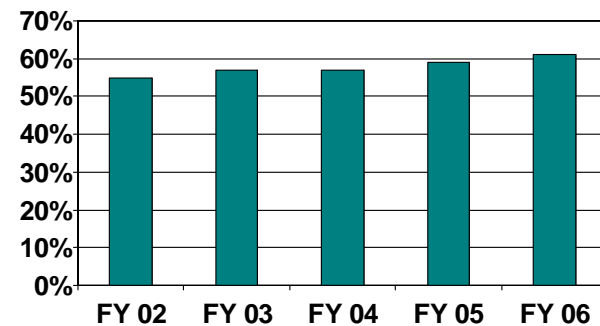
**Favorable Appellate Results
Five-Year Average = 87%**



Tort Claim Payouts



**Torts Zero Payouts
(Cases only, not claims)**

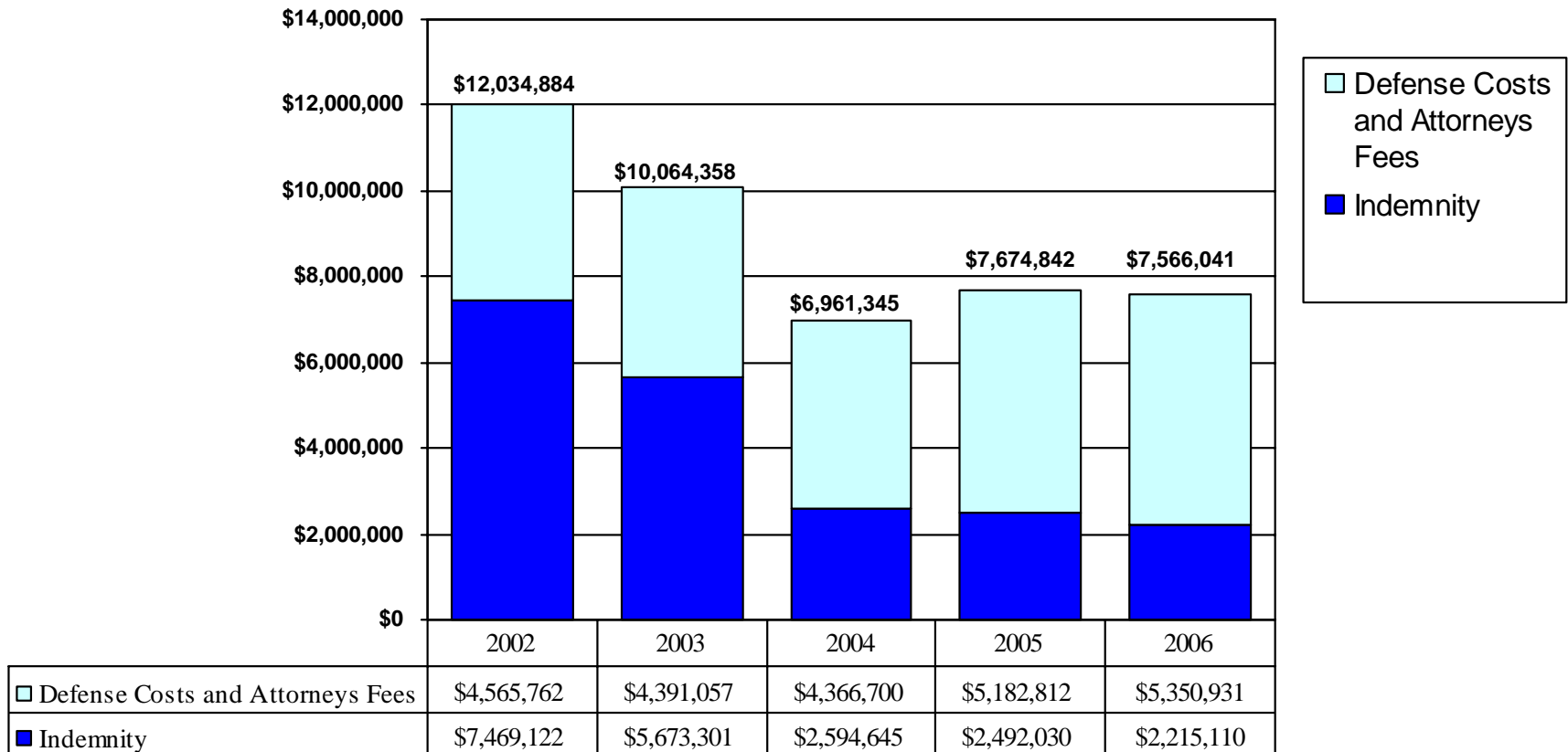


Trial Results FY 2006:

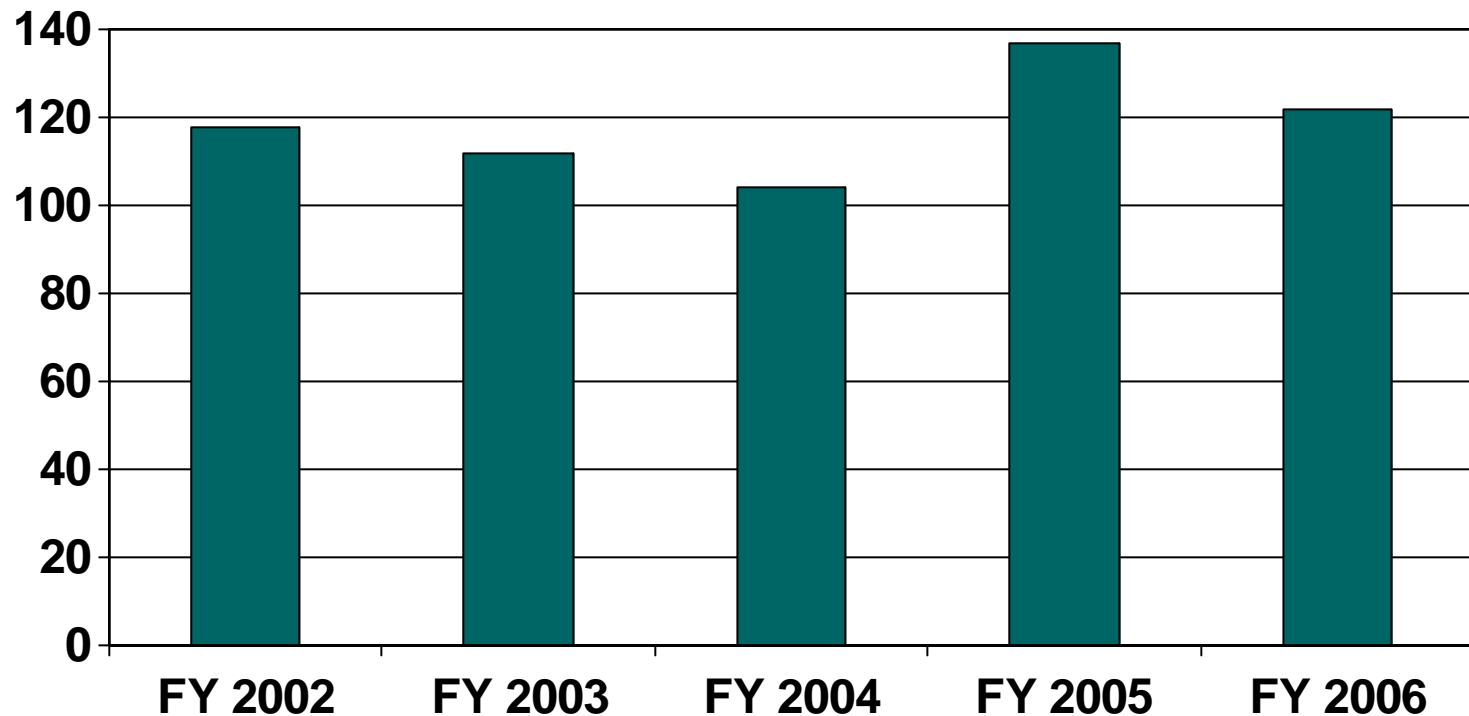
Trials Convened:	14
- Defense Verdicts:	9
<i>(4 currently on appeal)</i>	
- Settled at Trial	2
- Plaintiff Verdicts	3
- Hung Jury	0

<i>Total Payouts:</i>	<i>\$26.4 million</i>
<i>Payouts on Trials: (2.5%)</i>	<i>\$650,000</i>

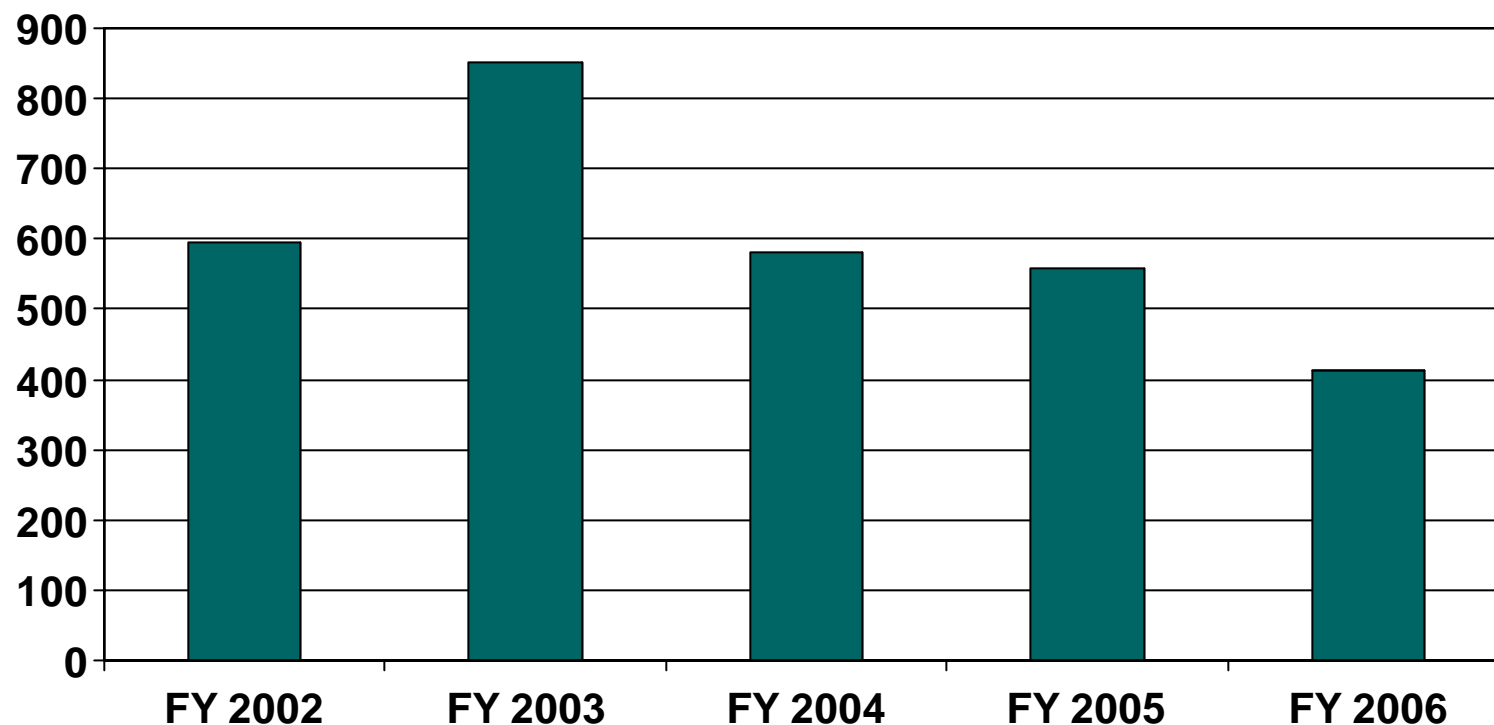
Update: Statewide Employment Claims Indemnity and Legal Costs – FY 2002 to FY 2006



Tort Employment Claims Filed FY 2002-2006

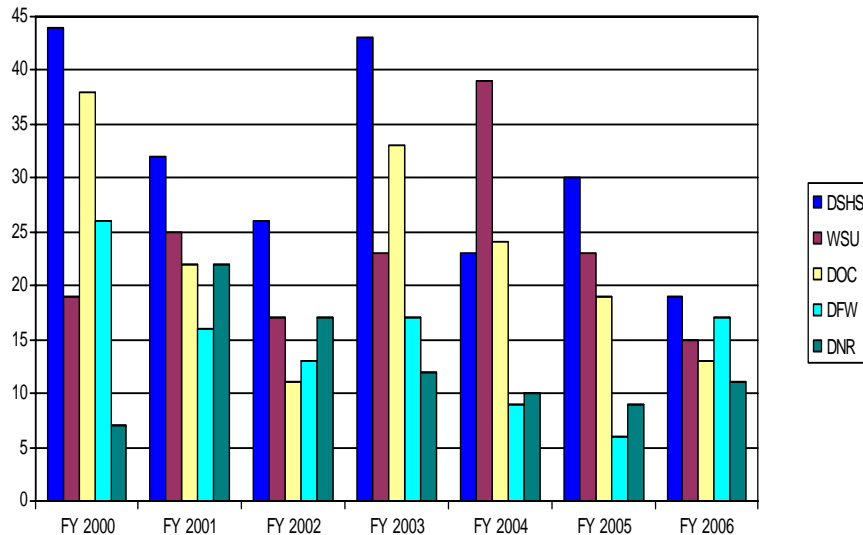


Claims Assigned to AAG FY 2002-2006

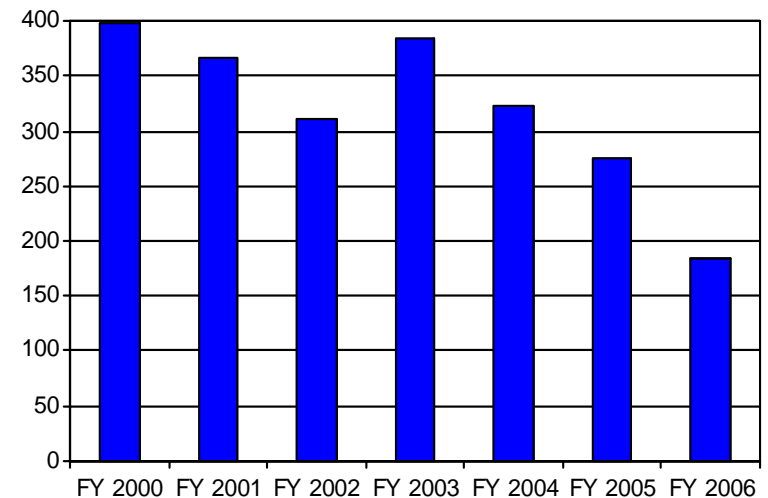


Agency Driving Program Help Manage State Vehicle Accidents

Auto Claims Filed - FY 2000 to Present



Statewide Total Vehicle Losses FY 2000 to Present



Analysis:

- Safe driving occurs if employees know agency leadership notices.
- Preferable to spend state funds for prevention.

Risk Management Driving Initiatives:

- Revision to OFM State Administrative Accounting Manual (SAAM)
- RMD produced video
- Online defensive driver training – partnered with DOP
- Educational communications to agencies
- Design Phase II program working with L&I, etc.